

SENATOR BEUTLER: Mr. Chairman, members of the Legislature, I also would like to support 363. We often hear the cliché around here, if it ain't broke, don't fix it. I think the evidence is becoming sufficiently clear at this point that the system is broke, and when I indicate that the system is broke, what I mean by that is that the credit system that we have in place right now is not functioning and principally it is not functioning because we failed to recognize a very simple political truth and that political truth is that when the state becomes hard up for revenues the first thing that is going to suffer is the food sales tax credit. Let's go over briefly what has happened to that credit system in the last four years since the economic crunch has come upon the state. In 1980 this Legislature debated at length and decided at that point in time that the fair credit for individuals in this state was \$28 per person. That decision was made four years ago. This year I introduced a bill to increase that credit. That bill has languished in committee. It is not a priority bill. It has become clear that nothing will be done on the credit for a fifth year. That is nothing can happen until next year even if at that point in time an adjustment is made. So we have now gone five years without adjusting the food sales tax credit and that is the longest period of time in which the credit has not been adjusted since the system began in the late 1960's. The point again is that the short revenues, in times of short revenues the credit will suffer and the amount will not be made up. \$28 was fair in 1980. Since then there will have been five years of inflation that will amount to at least 25% total. Since then the sales tax has increased from 3% to 3½% which is equivalent to a 17% increase in the sales tax rate. So you add those two things together and you have a 40% devaluation of that \$28 credit in the last five years. The credit right now should be up in the neighborhood of \$40 but it is not. It is still \$28. That is not even taking into account the extra devaluation of that credit that exists in cities that have added on a city sales tax of a half a percent or one percent. There are an increasing number of those and, of course, we never did account for the folks in Lincoln and Omaha who had an extra percent and in the case of Omaha an extra percent and a half of sales tax on their food which was never accounted for in the original \$28 to begin with. So I think...I just wanted to make that point. The present system is not working. Thank you.

SPEAKER NICHOL: Before I call on the next speaker, I would like to draw your attention to the fact that we have 270 high school students from across Nebraska in both